

APPENDIX H: TAX ABATEMENT POLICY STATEMENT

City of Fort Worth **General Tax Abatement Policy** Effective June 28, 2016 through June 27, 2018

1. GENERAL PROVISIONS.

1.1. Purpose.

Chapter 312 of the Texas Tax Code allows, but does not obligate or require, the City to grant a Tax Abatement on the value added to a particular property on account of a specific development project that meets the eligibility requirements set forth in this Policy. In order for the City to participate in Tax Abatement, the City is required to establish guidelines and criteria governing Tax Abatement agreements. This Policy is intended to set forth those guidelines and criteria for persons or entities interested in receiving a Tax Abatement from the City. This Policy shall expire on June 27, 2018.

1.2. General Eligibility Criteria.

A tax abatement can only be granted to persons or entities eligible for Tax Abatement pursuant to Section 312.204(a) of the Texas Tax Code, which persons or entities as of the effective date of this Policy are (i) the owner of taxable real property located in a Tax Abatement reinvestment zone; or (ii) the owner of a leasehold interest in real property located in a Tax Abatement reinvestment zone. Although the City will consider all applications for Tax Abatement that meet the eligibility requirements set forth in this Policy, it is especially interested in development projects that are expected to produce a meaningful impact on the city and its economy and that:

- result in the creation of new full-time jobs for Fort Worth Residents and Central City Residents; and
- are located in the Central City; and
- result in development with no net additional cost to the City while producing a positive economic impact to the tax paying citizens of Fort Worth; and
- have a positive impact on Fort Worth Companies and Fort Worth Certified M/WBE Companies; and
- promotes quality, affordable housing and/or mixed income development; and
- Effectively leverage private investment.

For projects located within a Target Area, the City is especially interested in projects that promote high quality development or redevelopment opportunities on nearby or adjacent properties in a manner that supports the establishment of a cohesive, distinctive and walkable district or neighborhood.

1.3. General Exclusions and Limitations.

1.3.1. Lessees of Real Property.

A person or entity seeking Tax Abatement on real property that is leased from a third party should be advised that, pursuant to state law, unless the real property owner is also a party to a Tax Abatement Agreement, the City can only abate taxes on the increased value of the taxable leasehold interest in the real property, if any, and the increase in value of taxable improvements and Business Personal Property located on the real property and subject to the leasehold interest, if any. Before applying for a Tax Abatement from the City, such persons or entities should seek professional and legal guidance, and may wish to consult with the appraisal district having jurisdiction over the property in question, as to whether their development projects will result in a taxable leasehold interest in the property and, if so, the anticipated value of that leasehold interest.

1.3.2. Property Located in Neighborhood Empowerment Zones (“NEZs”).

The City Council has designated certain distressed areas of the City needing affordable housing, economic development and expanded public services as NEZs. Notwithstanding anything that may be interpreted to the contrary, this Policy does not apply to property located in a NEZ. A person or entity seeking Tax Abatement on property owned or leased in a NEZ should refer to the Neighborhood Empowerment Zone Tax Abatement Policy, adopted by the City Council pursuant to Resolution No. 4455-05-2015, as may be amended or readopted.

1.3.3. Property Located in Tax Increment Reinvestment Zones (“TIFs”).

The City Council has designated certain areas of the City as TIFs. This Policy does apply to property located in a TIF. However, a person or entity seeking tax abatement on property owned or leased in a TIF should be advised that state law requires a TIF’s board of directors and the governing bodies of all taxing jurisdictions contributing tax increment revenue to a TIF to approve a City tax abatement agreement on property located in that TIF before the agreement can take effect.

1.3.4. Property Located in Enterprise Zones.

The State of Texas has designated certain areas of the City with high unemployment as enterprise zones. Various economic development incentives are available to owners of property located in enterprise zones. In accordance with state law, all property located within an enterprise zone is automatically designated as a Tax Abatement reinvestment zone. However, the City typically designates individual Tax Abatement reinvestment zone overlays when it wishes to grant Tax Abatements on property located in an enterprise zone.

1.3.5. Business Relocations Due to Major Public Infrastructure Projects.

Pursuant to Resolution No. 4644-06-2016, the City Council has approved a Relocation Incentives Policy (the “Relocation Policy”) for qualifying businesses that are required to relocate due to a Major Public Infrastructure Project, as that term is defined City of Fort Worth General Tax Abatement Policy Page 3 of 15 in the Relocation Policy. Tax Abatement is one of the incentives authorized by the Relocation Policy. Notwithstanding anything to the contrary herein, any Tax Abatement granted by the City under the Relocation Policy shall be governed solely by the terms of and in accordance with the Relocation Policy, as may be amended or readopted.

2. DEFINITIONS.

Capitalized terms used in this Policy but not defined elsewhere shall have the following meanings:

Abatement or Tax Abatement - A full or partial exemption from ad valorem taxes on eligible taxable real property and Business Personal Property located in a Reinvestment Zone for a specified period on the difference between (i) the amount of increase in the appraised value (as reflected on the certified tax roll of the appropriate county appraisal district) resulting from improvements begun after the execution of a written Tax Abatement Agreement and (ii) the appraised value of such real estate prior to execution of a written Tax Abatement Agreement (as reflected on the most recent certified tax roll of the appropriate county appraisal district for the year prior to the date on which the Tax Abatement Agreement was executed).

Abatement Benefit Term – The period of time specified in a Tax Abatement Agreement, but not to exceed ten (10) years, that the recipient of a tax abatement may receive the Abatement.

Abatement Compliance Term – The period of time specified in a Tax Abatement Agreement during which the recipient of a tax abatement must comply with the provisions and conditions of the Tax Abatement Agreement and file an annual

report with the City which outlines and documents the extent of the recipient’s compliance with such provisions and conditions.

Adaptive Reuse—The re-purposing of an existing site or building.

Business Personal Property – Any tangible personal property other than inventory and supplies that (i) is subject to ad valorem taxation by the City; (ii) is located on the property subject to Abatement; (iii) is owned or leased by the party to the Tax Abatement Agreement; and (iv) was not located in the City prior to the effective date of the Tax Abatement Agreement.

Capital Investment - Only real property improvements such as, without limitation, new facilities and structures, site improvements, facility expansion, and facility modernization. Capital Investment does NOT include (i) land acquisition costs; (ii) any improvements existing on the property prior to execution of a Tax Abatement Agreement; or (iii) personal property such as, without limitation, machinery, equipment, supplies and inventory.

Central City – A geographic area within the City, defined by the City Council and shown in the map of Exhibit “A” of this Policy.

Central City Resident – An individual whose principle place of residence is at a location within the Central City.

CDBG Eligible Area – Any census tract in which fifty-one percent (51%) or more of the residents in that census tract have low to moderate incomes, as defined by the United States Department of Housing and Urban Development.

Comprehensive Plan - The City of Fort Worth’s official guide for making decisions about growth and development. The Plan is a summary of the goals, objectives, policies, strategies, programs, and projects that will enable the city to achieve its mission of focusing on the future, working together to build strong neighborhoods, develop a sound economy, and provide a safe community.

Downtown – The City’s central business district, as defined in the City’s Comprehensive Plan.

Environmental Remediation – The removal of pollution or contaminants from environmental media such as soil, groundwater, sediment, or surface water.

Fort Worth Certified M/WBE Company – A minority or woman-owned business that (i) has received certification as either a minority business enterprise (MBE), a woman business enterprise (WBE), or a disadvantaged business enterprise (DBE) by the North Central Texas Regional Certification Agency (NCTRCA), and (ii) has a Principal Office located within the corporate limits of the City that provides the product or service for which credit is sought for purposes of a specific commitment

set forth in a given Tax Abatement Agreement.

Fort Worth Company – A business that has a Principal Office located within the corporate limits of the City that provides the product or service for which credit is sought for purposes of a specific commitment set forth in a given Tax Abatement Agreement.

Fort Worth Resident – An individual whose principal place of residence is at a location within the corporate limits of the City.

Global Presence – A project that features either i) a minimum 15% of total capital investment sourced from outside of the United States or ii) a minimum 51% ownership by individuals or corporate entities that permanently reside outside of the United States.

High Priority Commercial Corridor – Any of the commercial corridors in need of revitalization that are defined as “high priority” in the Comprehensive Plan. As of the effective date of this Policy, there are seven High Priority Commercial Corridors: Berry Street, North Main Street, East Rosedale Street, Downtown, and East Lancaster Avenue, Hemphill Street, Camp Bowie Boulevard, and West 7th Street, all as more specifically described in the Comprehensive Plan.

LEED Certification – Certification by the U.S. Green Building Council that a building qualifies for any of the four Leadership in Energy and Environmental Design (LEED) rating levels.

Mixed-Use Development Project – A development project in which a facility or facilities will be constructed or renovated such that (i) at least twenty percent (20%) of the total gross floor area will be used as residential space and (ii) at least ten percent (10%) of the total gross floor area will be used for office, restaurant, entertainment and/or retail sales and service space.

Other Central City – All areas that are located within the Central City but that are not in Urban Villages, along High Priority Commercial Corridors, within Transit-Oriented Developments, or in Downtown.

Positive Corporate Citizenship – The demonstration of an ongoing and positive role within the Fort Worth community that extends beyond the value of the committed capital investment and general operations of the project subject to Tax Abatement, as outlined in an action plan submitted by the applicant and approved by the Director of the City’s Economic Development Department. The action plan must apply to at least the term of the Tax Abatement Agreement and describe the manner in which the applicant will contribute to the support of Fort Worth-based non-profit entities and civic organizations, direct support for the arts or other quality of life organizations in Fort Worth, participation in existing programs for corporate involvement in the community that are made available through the City of Fort

Worth, Fort Worth Independent School District, Tarrant County College, or other institutions, and other similar efforts to generate a positive impact on the City of Fort Worth.

Principal Office – An office facility that is fully operational and has sufficient equipment, supplies, and personnel to provide the product or service of the business in question to clients in the City without significant reliance on the resources of another entity or affiliate or of an auxiliary facility of the business which is located outside the corporate limits of the City.

Public Open Space – All areas of land reserved for the provision of green space, natural environments, or public art, and reserved for recreational use by the general public through a public access easement or other dedication instrument that is acceptable to the City.

Reinvestment Zone – An area designated by the City as a tax abatement reinvestment zone in accordance with Chapter 312 of the Texas Tax Code.

Retail Eligible Target Area – A designated CDBG-eligible area and key legacy retail area within the Central City, which are shown on the attached map.

Supply and Service Expenditures – Discretionary expenditures made as part of normal business operations on the real property subject to tax abatement, such as, by way of example only, office supplies, janitorial supplies and professional services.

Talent Recruitment – A program developed to recruit individuals with college degrees, or specific technical skills for critical positions within a company. The program should encourage creative methods of retaining local college graduates as well as recruiting top talent to the City of Fort Worth.

Target Area – Those areas identified in the chart in Section 3.1.

Target Industry – An industry sector whose expansion in the City will help strengthen and diversify the City’s economy, including aviation and aerospace, life sciences, manufacturing, logistics, natural gas, and corporate and professional services, all as identified by the City’s Economic Development Department in its sole discretion.

Tax Abatement Agreement – A written Agreement that the recipient of a Tax Abatement must enter into with the City and that outlines the specific terms and conditions pertaining to and governing the Tax Abatement.

Transit-Oriented Development (TOD) – A dense urban development located within ½ mile of an existing or planned regional commuter rail station, modern streetcar stop, and similar fixed-route transit stations.

Urban Village – A strategic commercial district designated along commercial corridors within the Central City that is identified as an Urban Village in the Comprehensive Plan.

3. PROJECTS WITHIN TARGET AREAS

3.1 Eligibility Requirements

Any project that is located in a Target Area must meet the following eligibility requirements in order to receive a negotiated base level Tax Abatement of up to 55%. Projects that meet these minimum requirements are also eligible to earn an additional percentage of Abatement as outlined in Section 3.3.

Projects in Target Areas must:

- a. Meet a minimum Capital Investment threshold set forth in the table below.
- b. Create net new full-time permanent jobs in Fort Worth that are maintained for the duration of the Abatement Benefit Term and provide a benefits package that includes health insurance. Preference will be provided to those projects with higher paying jobs.
- c. Meet the “but for” test, meaning a project must have a demonstrable financial gap.
- d. For retail projects, Tax Abatements will only be provided within the Retail Eligible Target Area shown on the map of Exhibit “A”, which consists of designated CDBG-Eligible areas and key legacy retail areas within the Central City.

Target Area	Minimum Investment
Urban Villages	\$500,000
High Priority Commercial Corridors	\$500,000
Transit-Oriented Development (TOD)	\$500,000
Retail Eligible Target Area	\$1 Million
Other Central City	\$1 Million
Downtown	\$2 Million

3.2

Target Area Project Commitments

3.2.1 Rental Residential - If a project in a Target Area includes rental residential housing, the project must commit to the following:

- a. At least 10% of total rental residential units must be set aside exclusively for lease to qualifying households whose adjusted incomes do not exceed the then-current eighty percent (80%) income limits established by HUD at rents that are affordable to such households.
- b. At least 10% of total rental residential units must be set aside exclusively for lease to qualifying households whose adjusted incomes do not exceed the then-current sixty percent (60%) income limits established by HUD at rents that are affordable to such households.

3.2 Target Area Incentive Enhancements

Projects in Target Areas that meet all minimum eligibility criteria may qualify for an additional percentage of Abatement by meeting certain designated levels of enhancements, as outlined in the Incentive Enhancement Criteria Chart below. The specific additional percentage of Abatement will be negotiated on a case by-case basis. A maximum of 30% of additional Abatement over the base Abatement established in accordance with Section 3.1 may be identified and earned, provided that no project may receive a total percentage of Tax Abatement in excess of 85%.

Project Enhancement	Enhancement Level	Abatement Percentage
Fort Worth Based M/WBE Construction Spending and Supply and Service Expenditures	15-24.99%	5%
	25-39.99%	10%
	40% and Over	15%
Fort Worth Based Construction Spending	15-24.99%	5%
	25-39.99%	10%
	40% and Over	15%
Fort Worth Based Supply and Service Expenditures	15-24.99%	5%
	25-39.99%	10%
	40% and Over	15%
Jobs for Fort Worth Residents	15-24.99%	5%
	25-39.99%	10%
	40% and Over	15%
Jobs for Central City Residents	15-24.99%	5%
	25-39.99%	10%
	40% and Over	15%
Hourly Wages	\$13.00 - 19.99	10%
	\$20.00 – 24.99	15%
	\$25.00 – 29.99	20%
	\$30.00 and Over	25%
Number of Net New Jobs	Up to 199	5%
	200 - 499	10%
	Over 500	15%

(Table continued on next page.)

Project Enhancement	Enhancement Level	Abatement Percentage
Target Industry		5%
Public Open Spaces		5%
Environmental Remediation		5%
LEED Certification		5%
Adaptive Reuse		5%
Positive Corporate Citizenship		5%
Talent Recruitment Program		5%
Global Presence		5%

4. PROJECTS OUTSIDE TARGET AREAS

4.1 Eligibility Requirements

All projects located outside a Target Area must meet the following eligibility requirements in order to receive a negotiated base level Tax Abatement of up to 40%. Projects that meet these minimum requirements are also eligible to earn an additional percentage of Abatement as outlined in Section 4.3.

Projects outside Target Areas must:

- Provide a minimum Capital Investment of at least \$7 million.
- Create net new full-time permanent jobs in Fort Worth that are maintained for the duration of the Abatement Benefit Term and provide a benefits package that includes health insurance. Preference will be provided to those projects with higher paying jobs.
- Meet the “but for” test, meaning a project must have a demonstrable financial gap.
- Have the potential for significant economic “spinoff” benefits such as high prestige companies, large expansion initiative, attracting suppliers, generating spin-off firms or new entrepreneurial ventures, or generating tourism or travel activity, as determined by the City’s Economic Development Department in its sole discretion.

Retail projects located outside those areas designated as a Retail Eligible Target Area are not eligible for Tax Abatement. Refer to Section 3.1 for retail project eligibility criteria.

4.2 Incentive Enhancements for Projects Outside a Target Area

Projects located outside Target Areas that meet all minimum eligibility criteria may qualify for an additional percentage of Abatement by meeting certain designated levels of enhancements, as outlined in the Incentive Enhancement Criteria Chart below. The specific additional percentage of Abatement will be negotiated on a case-by-case basis. A maximum of 45% of additional Abatement may be identified and earned, provided that no project may receive a total percentage of Tax Abatement in excess of 85%.

Project Enhancement	Enhancement Level	Abatement Percentage
Fort Worth Based M/WBE Construction Spending and Supply and Service Expenditures	15-24.99%	5%
	25-39.99%	10%
	40% and Over	15%
Fort Worth Based Construction Spending	15-24.99%	5%
	25-39.99%	10%
	40% and Over	15%
Fort Worth Based Supply and Service Expenditures	15-24.99%	5%
	25-39.99%	10%
	40% and Over	15%
Jobs for Fort Worth Residents	15-24.99%	5%
	25-39.99%	10%
	40% and Over	15%
Jobs for Central City Residents	15-24.99%	5%
	25-39.99%	10%
	40% and Over	15%
Hourly Wages	\$13.00 - 19.99	10%
	\$20.00 – 24.99	15%
	\$25.00 – 29.99	20%
	\$30.00 and Over	25%
Number of Net New Jobs	Up to 199	5%
	200 - 499	10%
	Over 500	15%
Target Industry		5%
Public Open Spaces		5%
Environmental Remediation		5%
LEED Certification		5%
Adaptive Reuse		5%
Positive Corporate Citizenship		5%
Talent Recruitment Program		5%
Global Presence		5%

5. TAX ABATEMENT CALCULATION

All Tax Abatement Agreements shall require the recipient to construct or cause construction of specific improvements on the real property that is subject to the Abatement. Failure to construct these specific improvements at the minimum Capital Investment expenditure and by the deadline established in the Tax Abatement Agreement shall give the City the right to terminate the Tax Abatement Agreement.

The amount of a particular Tax Abatement shall be negotiated on a case-by-case basis and specifically set forth in the Tax Abatement Agreement. The calculation of Tax Abatement for any Project that meets the requirements of this Policy shall be negotiated on a case-by-case basis and governed solely by the terms and conditions of the Tax Abatement Agreement.

6. TAX ABATEMENT IMPLEMENTATION

The term of a Tax Abatement shall be negotiated on a case-by-case basis and specified in the Tax Abatement Agreement. The City will audit and determine the recipient's compliance with the terms and conditions of the Tax Abatement Agreement for a full calendar year prior to the first year in which the Tax Abatement is available (the **"First Compliance Auditing Year"**). The Compliance Auditing Year shall either be the full calendar year in which a final certificate of occupancy is issued for the improvements required by the Tax Agreement for the real property subject to abatement or the following calendar year, as negotiated and set forth in the Tax Abatement Agreement. The first Tax Abatement will be available to the recipient for the tax year following the Compliance Auditing Year. In other words, the degree to which the recipient meets the Commitments set forth in the Tax Abatement Agreement will determine the percentage of taxes abated for the following tax year. The City will continue to audit and determine the recipient's compliance with the terms and conditions of the Tax Abatement Agreement for each subsequent calendar year, which findings shall govern the percentage of taxes abated for the following tax year, until expiration of the Tax Abatement Agreement.

7. TAX ABATEMENT APPLICATION PROCEDURES

Each Tax Abatement application shall be processed in accordance with the following standards and procedures:

7.1. Submission of Application

If a given development project qualifies for Tax Abatement pursuant to the eligibility criteria detailed in of this Policy, an applicant for Tax Abatement must complete and submit a City of Fort Worth Tax Abatement Application (with required attachments) (the "Application"). An Application can be obtained from and should be submitted to the City's

Economic Development Department. In order to be complete, the Application must include documentation that there are no delinquent property taxes due for the property on which the development project is to occur. In addition, projects that include, in whole or in part, the renovation of one or more existing structures shall provide, as part of the applicant's Tax Abatement Application, a detailed description and the estimated costs of the renovations contemplated.

7.2. Application Fee

Upon submission of the Application, an applicant must also pay an application fee. This application fee shall be \$5,000 (**"Application Fee"**) of which \$3,000 will be credited to any permit, impact, inspection or other fee paid by the applicant and required by the City directly in connection with the proposed project, as long as substantive construction on the project, as determined by the City in its sole and reasonable discretion, has been undertaken on the property specified in the Application within one (1) year following the date of its submission.

If any Application Fee funds are remaining after the development project covered in the Application has received a final Certificate of Occupancy (CO) from the City, the applicant must submit a letter to the director of the City's Economic Development Department requesting a refund of the remaining funds. ***The request must be made within three (3) months from the date of the final CO.*** Application fees remaining after the development project covered in the Application has received a final CO will become the property of the City and will not be eligible for refund, even if a final CO was issued, if the applicant does not submit the written request for refund as required by this Section. The remaining \$2,000 of the Application Fee is non-refundable and will be utilized for City staff expenses associated with processing the Application and fees associated with legal notice requirements.

7.3. Application Review and Evaluation

The Economic Development Department will review an Application for accuracy and completeness. Once complete, the Economic Development Department will evaluate an Application based on the perceived merit and value of the project, including, without limitation, the following criteria:

- Types and number of new jobs created, including respective wage rates, and employee benefits packages such as health insurance, day care provisions, retirement packages, transportation assistance, employer-sponsored training and education, any other benefits and whether all

benefits are offered on an equal and non-discriminatory basis to all employees;

- Percentage of new jobs committed to Fort Worth Residents;
- Percentage of new jobs committed to Central City Residents;
- Percent of construction contracts committed to (i) Fort Worth Companies and (ii) Fort Worth Certified M/WBE Companies;
- Percentage of Supply and Service Contract expenses committed to (i) Fort Worth Companies and (ii) Fort Worth Certified M/WBE Companies;
- Financial viability of the project;
- The project's reasonably projected increase in the value of the tax base;
- Costs to the City (such as infrastructure participation, etc.);
- Remediation of an existing environmental problem on the real property;
- The gender, ethnic background and length of employment of each member of the applicant's board of directors, governing body or upper management, as requested by the City;
- Type of industry and activities associated at the project site;
- If the company is foreign owned and/or includes capital investment sources from outside the United States;
- Whether the project incorporates public open spaces, is a transit-oriented development, and/or includes adaptive reuse of an existing building;
- Whether the project will be able to obtain General Leadership in Energy and Environmental Design (LEED) certification, International Organization for Standardization (ISO) Standard 14001 certification, American Institute of Architects (AIA) or ASTM International sustainability standards, or will otherwise comply with similar sustainable building and management processes acceptable to the City;
- Whether the company incorporates, or will do so, a program to recruit individuals with college degrees, or specific technical skills for critical positions within the company;
- Whether the company has an actionable plan that outlines an ongoing and positive role within the Fort Worth community that extends beyond the

value of the committed capital investment and general operations of the project; and

- For residential projects, the number or percentage of units reserved as affordable housing for persons with incomes at or below eighty percent (80%) of median family income based on family size (as established and defined by the United States Department of Housing and Urban Development)
- Other items that the City may determine to be relevant with respect to the project.

7.4 Consideration by the City Council

The City Council retains sole authority to approve or deny any Tax Abatement Agreement and is under no obligation to approve any Application or Tax Abatement Agreement.

8. GENERAL POLICIES AND REQUIREMENTS

Notwithstanding anything that may be interpreted to the contrary herein, the following general terms and conditions shall govern this Policy:

8.1. A Tax Abatement shall not be granted for any development project in which a building permit application has been filed with the City's Planning and Development Department. In addition, the City will not abate taxes on the value of real or Business Personal Property for any period of time prior to the year of execution of a Tax Abatement Agreement with the City.

8.2. The applicant for a Tax Abatement must provide evidence to the City that demonstrates that a Tax Abatement is necessary for the financial viability of the development project proposed.

8.3. The City will not abate taxes levied on inventory, supplies or the existing tax base.

8.4. An applicant for Tax Abatement shall provide wage rates, employee benefit information for all positions of employment to be located in any facility covered by the Application.

8.5. Unless otherwise specified in the Tax Abatement Agreement, the amount of real property taxes to be abated in a given year shall not exceed

one hundred fifty percent (150%) of the amount of the minimum Capital Investment expenditure required by the Tax Abatement Agreement for improvements to the real property subject to Abatement multiplied by the City's tax rate in effect for that same year, and the amount of Business Personal Property taxes to be abated in a given year shall not exceed one hundred fifty percent (150%) of the minimum value of Business Personal Property required by the Tax Abatement Agreement to be located on the real property, if any, subject to Abatement multiplied by the City's tax rate in effect for that same year.

8.6. The owner of real property for which a Tax Abatement has been granted shall properly maintain the property to assure the long-term economic viability of the project. In addition, if a citation or citations for City Code violations are issued against a project while a Tax Abatement Agreement.

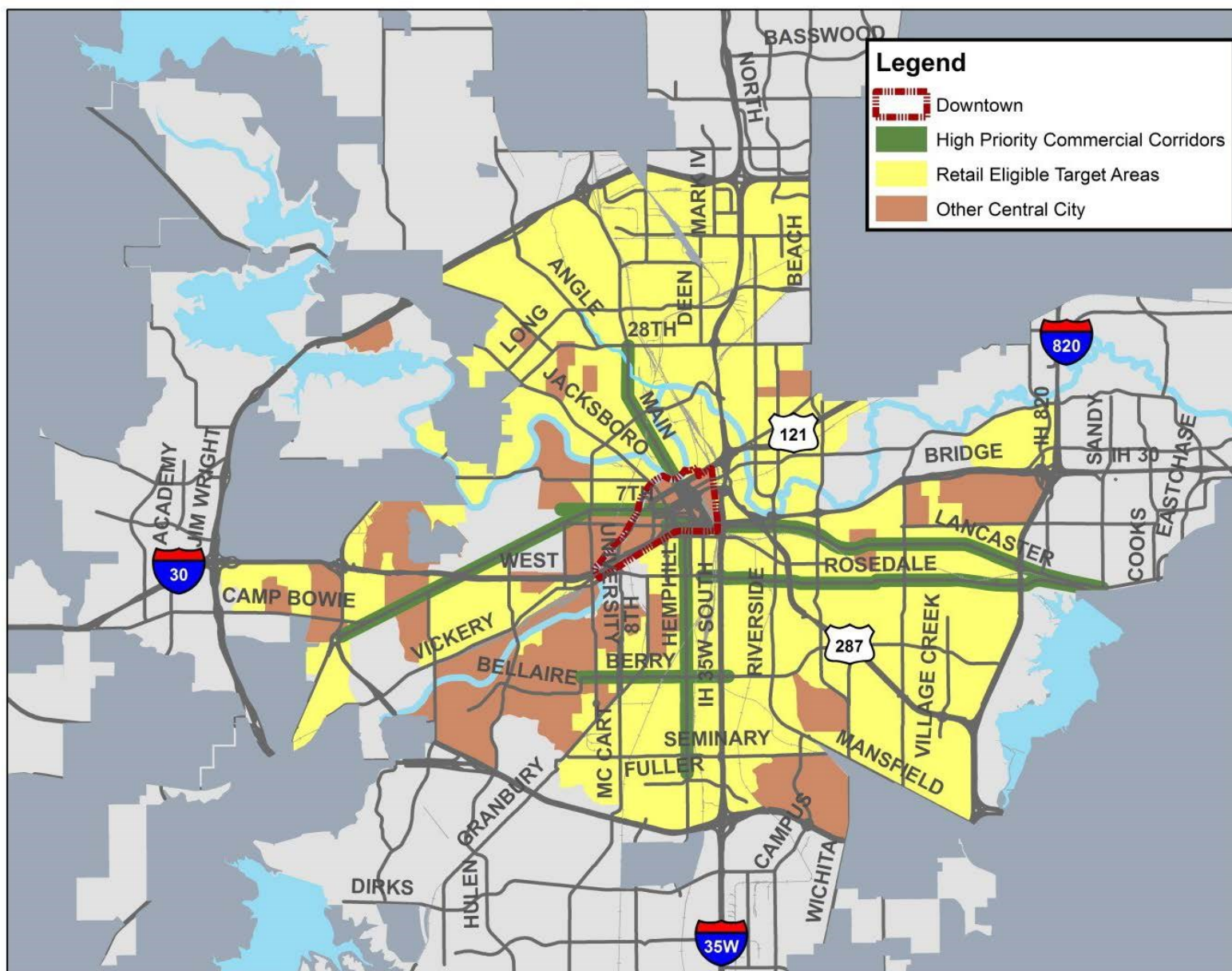
8.7. If the recipient of a Tax Abatement breaches any of the terms or conditions of the Tax Abatement Agreement and fails to cure such breach in accordance with the Tax Abatement Agreement, the City shall have the right to terminate the Tax Abatement Agreement. In this event, the recipient will be required to pay the City any property taxes that were abated pursuant to the Tax Abatement Agreement prior to its termination.

8.8. As part of the consideration under all Tax Abatement Agreements, the City shall have, without limitation, the right to (i) review and verify the applicant's financial statements and records related to the development project and the Abatement in each year during the term of the Tax Abatement Agreement prior to the granting of a Tax Abatement in any given year and (ii) conduct an on-site inspection of the development project in each year during the term of the Tax Abatement to verify compliance with the terms and conditions of the Tax Abatement Agreement. Any incidents of non-compliance will be reported to all taxing units with jurisdiction over the real property subject to Abatement.

8.9. The recipient of a Tax Abatement may not sell, assign, transfer or otherwise convey its rights under a Tax Abatement Agreement unless otherwise specified in the Tax Abatement Agreement. A sale, assignment, lease, transfer or conveyance of the real property that is subject to the abatement and which is not permitted by the Tax Abatement Agreement shall constitute a breach of the Tax Abatement Agreement and may result in termination of the Tax

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Exhibit “A” Target Areas



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